



19 December 2016

ASX CODE: KAS

**OUR PRIME COMMODITY IS
TIN**

LME TIN PRICE (16/12/16)

US\$21,345 / t

(CASH BUYER)

ABOUT KASBAH

KASBAH IS AN AUSTRALIAN LISTED MINERAL EXPLORATION AND DEVELOPMENT COMPANY.

THE COMPANY (75%) AND IT'S JOINT VENTURE PARTNERS TOYOTA TSUSHO CORP (20%) AND NITTETSU MINING CO. (5%) ARE ADVANCING THE ACHMMACH TIN PROJECT IN THE KINGDOM OF MOROCCO TOWARDS PRODUCTION.

PROJECTS

ACHMMACH TIN PROJECT
BOU EL JAJ TIN PROJECT

CAPITAL STRUCTURE

| | |
|-------------------|--------|
| SHARES ON ISSUE: | 556M |
| UNLISTED OPTIONS: | 0.5M |
| CASH @ 30/09/16: | \$0.9M |

MAJOR SHAREHOLDERS (PRE-PLACEMENT)

| | |
|--------------------|-------|
| WORLD BANK (IFC) | 17.7% |
| AFRICAN LION GROUP | 15.7% |
| THAISARCO | 5.6% |
| TRAXYS | 5.3% |

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NEW STRATEGIC INVESTOR AND CAPITAL RAISING

Kasbah Resources Limited (**Kasbah** or the **Company**) is pleased to announce a placement to Pala Investments Limited (**Pala**) of 138,133,684 new shares at \$0.027 per share to raise \$3,729,609 before costs.

Pala is an experienced investor in the mining sector with a strong track record of success and value creation. Along with its financial capacity, Pala's team has extensive experience in project development, financing, construction, expansion, and turnaround situations, and seeks to assist companies in which it has long-term shareholdings by providing strategic support in these areas.

The placing price is based upon a 15 day VWAP and represents a 12.5% premium to the last closing price of \$0.024 on 6 December 2016 and the funds raised will be utilised to recommence pre-project activities, progress project financing options, working capital and to advance the Achmmach Tin Project. On closing of the placement, Pala will become a 19.9% shareholder in the Company.

In addition to this placement, Kasbah is pleased to announce that it intends to offer a 1 for 6 renounceable rights issue to all shareholders to raise up to an additional \$2,660,867 at an issue price of \$0.023 per share. The proposed rights issue price represents a discount of 4.2% to the last closing price of \$0.024 on 6 December 2016.

The rights issue is expected to be launched in early 2017 and closed before mid-March 2017. Pala has offered to support the rights issue by taking up its pro-rata share to maintain its 19.9% shareholding of the expanded capital of the Company. Kasbah will seek underwriters for the rights issue. Pala has also offered to underwrite all or part of the rights issue to ensure maximum funds are raised.

Furthermore, Kasbah is pleased to announce:

- a restructuring and streamlining of the Kasbah board of directors to reduce costs and reflect the entry of a strategic investor onto the register. The restructure will reorientate the Board capabilities with respect to project financing and development to position the company to quickly advance the Achmmach Tin Project towards first production.
- extension of the maturity of the Pala Loan of \$1 million (currently repayable on 10 August 2017) to 31 December 2017. Additionally, Kasbah may, at its election, upon payment of an extension fee extend the maturity for a further 6 months until 30 June 2018.
- the company has entered into a deed of termination with Asian Mineral Resources (AMR) in respect of the scheme implementation agreement between the parties. The discussions with AMR with respect to the proposed merger by way of scheme of arrangement are now concluded.

OVERVIEW

Kasbah is pleased to provide the following update regarding a number of corporate initiatives that will position Kasbah to proceed with the advancement of its Achmmach Tin Project (75% Kasbah, 20% Toyota Tsusho Corp, 5% Nittetsu Mining Co. Ltd):

1. New Strategic Partner

Pala, an experienced mining investor with a strong track-record of success, has agreed to make a strategic investment into Kasbah. Pala will work with Kasbah to provide strategic support in:

1. **Team strengthening** - Facilitating strengthening of board and management;
2. **Project financing** - Strong financial capacity, and experience of providing support in project financing;
3. **Project execution** - Experience of project management and operations;
4. **M&A** - Assistance in strategic M&A and growth opportunities; and
5. **Stakeholder relations** - Strong focus on stakeholder and community relations.

Ms Gabrielle Moeller, Non-Executive Chairperson of Kasbah, commented:

"We are excited to welcome Pala as a strategic investor. With the support of the existing shareholders, combined with Pala's financial capabilities and their extensive project financing and development skills, we believe that the company can transition the Achmmach Tin Project to a decision to mine in 2017. Kasbah looks forward to working closing with Pala to continue advancement of the Achmmach Tin Project towards production."

Stephen Gill, Portfolio Manager at Pala Investments, commented:

"We are excited by the opportunity to partner with Kasbah and look forward to supporting the Company in advancing its Achmmach Tin Project. We recognise Achmmach as one of the only scalable near-term sources of new tin supply, which makes it a strategic asset in an attractive market. I believe the rapid advancement of the project to first production will underpin the development of Kasbah into a larger-scale, multi-asset tin company."

2. Capital Raising

▪ Placement

Pala has agreed to subscribe for 138,133,684 new shares in Kasbah to raise an aggregate amount of \$3,729,609 (**Placement**). Following closing of the Placement, the enlarged issued share capital of Kasbah will be 694,139,119 shares and, accordingly, Pala will hold 19.9% of the enlarged issued share capital of Kasbah. The Placement price of \$0.027 per share is based upon a 15 day VWAP and represents a 12.5% premium to the last closing price of \$0.024 on 6 December 2016.

The funds raised will be utilised to recommence pre-project activities, progress project financing options, continue advancement of the Achmmach Tin Project towards production and for working capital purposes.

Under the terms of the Placement:

- Pala is entitled to appoint two representatives to the Kasbah Board for so long as Pala holds a 10% interest in Kasbah on a fully diluted basis, and one nominee for so long as it holds a 5% interest on a fully diluted basis.

- Subject to ASX providing Kasbah with a waiver from the relevant Listing Rule, if Kasbah issues ordinary shares to any person or entity, Pala will have the right to subscribe for additional ordinary shares to maintain its percentage shareholding in the Company on a fully diluted basis immediately prior to the issue of such ordinary shares. This right is suspended if Pala holds less than 5% or more than 30% of Kasbah shares on a fully diluted basis, or if the strategic relationship between Kasbah and Pala ceases.
 - Pala has also agreed to a voluntary escrow of the Placement shares until the Company issues a prospectus (which must occur on or before 31 March 2017) enabling the on-sale of those shares.
- **Renounceable Rights Issue**

Following the Placement, Kasbah intends to offer a 1 for 6 renounceable rights issue to all shareholders to raise up to an additional \$2,660,867 at \$0.023 per share, representing a 4.2% discount to the last closing price of \$0.024 on 6 December 2016. Pala intends to take up its pro-rata share in the rights issue to maintain its 19.9% shareholding of the expanded capital of the Company.

Kasbah will seek underwriters for the rights issue. Pala has also offered to underwrite all or part of the rights issue to ensure maximum funds are raised. A further announcement in relation to the terms of the rights issue and any agreement with underwriters will be made in due course.

3. Extension of Loan Maturity

As previously announced, Kasbah has fully drawn a \$1 million loan provided by Pala. To assist with Kasbah's working capital requirements during 2017, Pala has agreed to extend the maturity of the loan, at no penalty, from 10 August 2017 to 31 December 2017. Additionally Kasbah may at its election, extend the maturity for a further 6 months until 30 June 2018 with the payment of a fee equalling 3% of the outstanding Total Commitment at the time of the election.

4. Board and Management Restructure

▪ **Board**

With the addition of Pala as a new, significant shareholder, Kasbah will streamline its board of directors to reduce costs. The restructure will reorientate the Board capabilities with respect to project financing and development to position the company to quickly advance the Achmmach Tin Project towards first production. Effective from release of this announcement, Kasbah's non-executive Chairperson Mr Rod Marston retires from the Board and Ms Gabrielle Moeller, an existing non-executive director with extensive banking and financing skills, will step in as non-executive Chairperson.

Mr Ian McCubbing and Mr Giles Robbins have also retired from the board of directors.

Ms Gabrielle Moeller, Non-Executive Chairperson of Kasbah stated:

"I thank Rod Marston, Ian McCubbing and Giles Robbins for their dedicated service to Kasbah through the evolution of the company from an exploration project to where we are today. I look forward to working with the new board and am excited to be able to assist in guiding the company, with the support of its shareholders, through the project financing and development of the Achmmach project."

Effective on closing of the Placement, Pala will have the right to appoint two nominees to the Kasbah Board with Stephen Gill, a representative of Pala, joining immediately. Mr Gill, Portfolio Manager at Pala, has been involved in many of Pala's principal investments covering a range of commodities, as well as the mining services and consumables sectors. Stephen has also supported many of Pala's investee companies in defining and implementing strategic initiatives, including business turnaround, organic expansion and strategic M&A.

On closing of the Placement, the Kasbah Board will comprise:

Non-executive Chairperson, Ms Gabrielle Moeller

Non-executive director, Mr Wayne Bramwell

Non-executive director, Mr Mike Brook

Non-executive director, Mr Stephen Gill

The Board will also seek to appoint an additional new independent Director within 3 months from closing of the share Placement.

▪ Management

Mr Wayne Bramwell will be stepping down as Managing Director and will be paid his entitlements under his contract at Kasbah. Mr Bramwell will remain a non-executive director of Kasbah. Mr Richard Hedstrom will join Kasbah as Interim Chief Executive Officer on terms still to be agreed. Richard was most recently Head of Corporate Development for OZ Minerals and has a long involvement in the resources industry.

Ms Gabrielle Moeller, Non-Executive Chairperson of Kasbah commented:

"We would like to thank Wayne for his dedication and the significant contributions he has made in building Kasbah into a near-term tin producer. His continued input will be invaluable as we continue to bring Kasbah to the next stage in its development.

I would also like to welcome Richard to the team and look forward to working closely with Pala".

5. Deed of termination with Asian Mineral Resources Limited

Kasbah is pleased to announce it has entered into a deed of termination with Asian Mineral Resources (AMR) in respect of the scheme implementation agreement between the parties. The discussions with AMR with respect to the proposed merger by way of scheme of arrangement are now concluded.

LOOKING FORWARD

The company will provide further updates regarding the Rights issue shortly.

For and on behalf of the Board,



Wayne Bramwell
Managing Director

For further information please go to:

www.kasbahresources.com

Or email:

info@kasbahresources.com

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ABOUT KASBAH RESOURCES

Kasbah Resources Limited (Kasbah) is an Australian listed mineral exploration and development Company.

Our commodity is tin.

Kasbah has two tin projects (the Achmmach Tin Project and the Bou El Jaj Tin Project) located in the Kingdom of Morocco:

- **Achmmach Tin Project JV in Morocco (75% Kasbah, 20% Toyota Tsusho and 5% Nittetsu Mining)**

Kasbah is the manager and operator of the Achmmach Tin Project JV. Toyota Tsusho Corporation (TTC) and Nittetsu Mining Co. Ltd (NMC) of Japan are Kasbah's strategic development partners in this JV. In response to a 25% fall in LME tin during 2015, the JV redesigned the project to reduce the scale, operating complexity and capital requirements. A positive definitive feasibility study (DFS) into a Small Start Option (SSO) for the development of a 2 staged, lower throughput, lower capital cost underground mine, concentrator and associated infrastructure at Achmmach was completed in August 2016.

- **Bou El Jaj Tin Project in Morocco (100% Kasbah)**

Kasbah retains a 100% interest in the prospective Bou El Jaj Tin Project. This project is 10km from the Achmmach Tin Project and is an early stage exploration opportunity that could become a satellite ore source for Achmmach. It is currently pre-resource and additional drilling is required on multiple targets within the Bou El Jaj permits.

ABOUT PALA INVESTMENTS

Pala is an investment company focused on the metals and mining value chain with a strong track record of successful investments and value creation. Pala's team has extensive experience within the sector and seeks to assist companies in which it has long-term shareholdings by providing strategic advice and innovative solutions in business growth, project development and operations, turnaround and advanced exploration situations. Pala invests in mining and processing projects across all geographies and commodities, as well as businesses engaged in mining services, consumables and trading and logistics. For more information, visit www.pala.com.

FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.